

30/09/2020

Marked decrease in reinvestments in Lithuania

Today the Bank of Lithuania and Statistics Lithuania published provisional data on direct investment (DI) for Q2 2020. According to the latest data release:

foreign direct investment (FDI) flow in Lithuania during the period under review was negative and amounted to –€10.9 million. The decline in investment was driven by a negative (€246.1 million) flow of equity instruments and a decrease in reinvestments. In Q2 2020, dominant positive flows were recorded in Curaçao (€223.5 million) and Singapore (€183.5 million) while negative – in Hong Kong (€166.3 million) and in the United Kingdom (€157.9 million) capital enterprises. By economic activity, the largest investments were recorded in manufacturing enterprises (€169.5 million), while the decrease in investment was recorded in real estate enterprises (–€127.8 million);

FDI income from non-resident investment amounted to €390.8 million, a year-on-year decrease of 37.6% (see Chart 1). Dividends decreased by only 7.9% over the year, while reinvestments – by 81.4%. The income of debt instruments grew by 20% and amounted to €13.9 million. Most income from FDI was earned by Sweden (€95.3 million), Poland (€60.6 million) and Estonia (€46.5 million) investors;

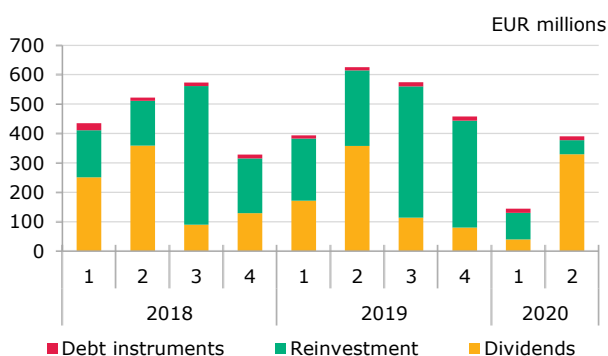
cumulative FDI in Lithuania rose by 3.6% over the year and as at 30 June 2020 amounted to €18.7 billion, or 38.6% of GDP. The average FDI per capita in Lithuania was €6,678, i.e. slightly more than per capita in Latvia, but significantly less than in Estonia (see Chart 2). The largest FDI in Lithuania still came from Sweden (€3.3 billion), Estonia (€2.7 billion) and the Netherlands (€2.5 billion). The largest share of FDI in Lithuania was financial and insurance activity (€4.9 billion) and manufacturing (€3.3 billion);

the flow of Lithuania's DI abroad was positive and amounted to €35.5 million, as a result of increased investment in equity instruments (€44.3 million). The largest positive investment flows were recorded in Cyprus (€151.1 million) and negative in the Netherlands (€329.9 million). The dominant investment flow was in financial and insurance companies (€138.4 million);

DI income earned by Lithuanian investors abroad amounted to €21.4 million in the period under review. Most income was earned from investment in Latvia (€42.9 million) and Estonia (€29.8 million), while by type of economic activity – professional, scientific and technical companies (€6.9 million);

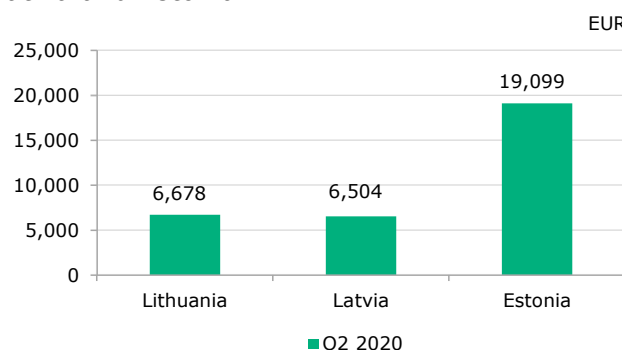
As at 30 June 2020, **Lithuania's cumulative DI abroad** stood at €4.4 billion, Lithuania's DI in EU Member States accounted for 87%, in euro area countries – 73% of Lithuania's total DI abroad. Most income was earned from investment in Latvia (€1 billion), Cyprus (€845.7 million) and Estonia (€819.4 million).

Chart 1. FDI income in Lithuania



Sources: Bank of Lithuania and Statistics Lithuania.

Chart 2. Cumulative FDI per capita in Lithuania, Latvia and Estonia



Sources: Bank of Lithuania, Statistics Lithuania, Latvijas Banka, Eesti Pank.

It should be noted that, when calculating data for Q2 2020, data for Q1 2004-Q1 2020 were revised. Detailed data on direct investment is available on the Bank of Lithuania website ([External statistics](#)).